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TO: R. Mikulay DATE: May 13, 1991

FROM: A. Sinha

SUBJECT: Bristol Distribution Expansion

The sub-generic segment of the industry has grown significantly. Now 8 brands with 42 packings vie for share and shelf space in the segment. The new entries from RJR -- Magna and Sterling could possibly fuel the growth of the segment even further both in terms of number of entries within the segment and the share growth of the segment. With the increased level of competition in the segment, it is important that Bristol protects its share and volume growth.

Bristol's strategy has been to expand distribution where the sub-generic viability exists. In some cases this has resulted in limited distribution. In response to the increased competitive pressure, it is critical that we expand the brand's distribution. Specifically, the following responses can be executed for the brand:

- A modest increase in Bristol distribution and support to meet competition with an exception of Magna. The underlying assumption is that Magna will not aggressively promote the brand. The Bristol scenario under this will be to continue with defensive distribution strategy.

- An aggressive Bristol expansion, with the level of distribution to match Magna (64%) and increased level of support. This would increase Bristol's distribution well above the other sub-generic entries. Essentially, our current defensive strategy will change to become offensive distribution strategy.

Recommendation

We recommend that Bristol distribution be increased modestly to match the highest distribution within sub-generic and not increase the distribution to Magna's level.

Based on an analysis done by trade class and geographic area for sub-generic brands, Bristol's weighted effective distribution should be increased by 16 points in total U.S. This will take Bristol's distribution to slightly above Raleigh Extra, the leader in distribution in the segment (not counting the new entry - Magna). (See attachment I for specific target distribution by trade class and geography).

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Food Convenience

Bristol's distribution in the Food Convenience needs to be expanded substantially to be close to the competition. Specifically, Region 5 and Region 2 distribution needs to be increased to 59% and 50% respectively to commensurate with the leader in the segment. Region 4 and Region 1 distribution should also be increased to the level of 47% and 25%. At this time, we believe that Region 3 has adequate distribution in Food Convenience.

Gas Convenience

Region 1 and Region 3 have adequate distribution in gas convenience. Region 2 distribution needs to be increased to 57%, while Regions 4 and 5 should be brought up to the level of 56% and 22%.

Drug Chains

Bristol distribution is particularly weak in chains. The brand's distribution needs strengthening in all the regions.

Drug Independents

Bristol's distribution in Regions 2 and 3 are equal to the leader in this segment. The target distribution levels for Region 1, 4 and 5 are 28%, 42% and 11%, respectively.

Chain Supermarkets

Bristol has not gained much distribution in this trade class. Montclair and Raleigh Extra both have considerable existence in this trade class. Region 2 and 4 distribution need to be increased to the level of 42%. We recommend increasing distribution in Region 1, 3 and 4 to the level of 27%, 60% and 53% respectively.

Independent Supermarkets

Bristol's growth in this trade class has been the strongest. Regions 2 and 3 have almost the same distribution as the competition. However, the distribution in Region 5 lags considerably. Region 1 and 4 distribution will also have to be increased to reach the level of Montclair and Raleigh Extra.

Grocery

Although Bristol share performance in grocery stores is better than the competition, there is a distribution lag. The distribution in Region 3 is adequate, while distribution needs to be expanded in Region 1, 2, 4 and 5.

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Source: https://www.industrydocuments.ucsf.edu/docs/qlwn0004

Overall, Bristol distribution lags considerably in Region 2 gas convenience, Region 5 and 2 in chain supermarkets, Region 5 in independent supermarkets and food convenience.

In almost all sections, Bristol's weighted effective distribution lags behind Montclair and Raleigh Extra. The following chart provides the target for increase in distribution by section.

Geography/Section	Bristol Distribution	Target	Difference
11	22	38	14
12	15	47	32
13	35	43	8
14	2	6	4
15	7	20	13
16	26	34	12
21	15	43	28
22	35	54	19
23	47	69	27
24	25	44	19
25	36	74	38
26	9	30	21
31	65	70	5
32	64	64	0
33	46	49	3
34	56	66	10
35	37	39	2
36	57	57	0
41	12	49	37
42	53	57	4
43	41	57	16
44	61	67	6
45	26	52	26
46	29	57	28
51	10	58	48
52	1	33	32
53	1	28	27
54	35	38	3
55	0	25	25

Specifically, all the sections in Region 5 have weak distribution compared to Montclair/Raleigh Extra. Distribution expansion in Region 1, 2, and 4 will also bridge the gap between Bristol and its competitors.

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We could institute a distribution drive in conjunction with the new Bristol campaign launch featuring introductory/gratis allowance, B1G1F's and $1.00 off to support new distribution. In the pack outlets, we would require Bristol to acquire a separate footprint than Cambridge, Alpine and Bucks with additional trays of Plan BV. In the carton outlets, the existing Plan AB will be adequate, while in the chain supermarkets, Bristol will be a part of the AV fixture, although this may result in an OOS situation due to limited rows and the existence of Cambridge and Bristol. In mega volume stores, the Brand will encourage the building of palletized displays.

We believe that expansion of Bristol distribution in key geographies and trade classes will result in Bristol achieving parity distribution or better with Montclair and Raleigh Extra. Specifically, costs are as follows:

	Cost
Intro/Gratis	1.2
B1G1F	2.5
$1.00 Price Reduction	1.0
B3G1F	0.5
	5.2MM

The total cost of expanding distribution is 5.2mm. We may not be able to fund the entire cost from Bristol's 1st revised. Bob, it is important to increase Bristol's distribution to meet the 1st revised forecast volume projection.

If you have any questions, let me know.

cc: A. Goldfarb
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M. Mahan

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TRADE CLASS/ AREA	BRISTOL	TARGET	DIFF	IND CONT.	WEIGHTING FACTOR
FOOD CONVENIENCE					
REGION 1	12	25	13	2.47	0.32
REGION 2	20	50	30	2.21	0.66
REGION 3	53	53	0	1.43	0.00
REGION 4	20	47	27	1.78	0.48
REGION 5	17	59	42	1.90	0.80
GAS CONVENIENCE					
REGION 1	26	26	0	2.72	0.00
REGION 2	34	57	23	8.33	1.92
REGION 3	44	44	0	9.64	0.00
REGION 4	43	56	13	6.87	0.89
REGION 5	5	22	17	4.29	0.73
DRUG CHAINS					
REGION 1	39	44	5	2.66	0.13
REGION 2	24	45	21	2.26	0.47
REGION 3	29	47	18	0.90	0.16
REGION 4	33	62	29	1.45	0.42
REGION 5	2	26	24	0.81	0.19
DRUG INDEPENDENTS					
REGION 1	8	28	20	0.75	0.15
REGION 2	9	10	1	0.24	0.00
REGION 3	31	31	0	0.07	0.00
REGION 4	28	42	14	0.85	0.12
REGION 5	0	11	11	0.22	0.02
CHAIN SUPERMARKETS					
REGION 1	18	27	9	3.23	0.29
REGION 2	19	42	23	5.54	1.27
REGION 3	46	60	14	4.55	0.64
REGION 4	37	53	16	4.14	0.66
REGION 5	4	42	38	4.32	1.64
IND. SUPERMARKETS					
REGION 1	21	43	22	1.62	0.36
REGION 2	63	69	6	1.22	0.07
REGION 3	80	80	0	2.73	0.00
REGION 4	64	79	15	3.63	0.54
REGION 5	16	65	49	1.84	0.90
GROCERY					
REGION 1	15	26	11	4.18	0.46
REGION 2	32	45	13	2.15	0.28
REGION 3	59	59	0	2.69	0.00
REGION 4	31	43	12	4.12	0.49
REGION 5	3	29	26	2.19	0.57
					15.67

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TRADE CLASS/ AREA	BRISTOL	TARGET	DIFF	IND CONT.	WEIGHTING FACTOR	
FOOD CONVENIENCE						3.3
REGION 1	12	25	13	2.47	0.32	.058
REGION 2	20	50	30	2.21	0.66	6.8
REGION 3	53	53	0	1.43	0.00	0
REGION 4	20	47	27	1.78	0.48	4.9
REGION 5	17	59	42	1.90	0.80	8.1
				9.79		23.1
GAS CONVENIENCE						
REGION 1	26	26	0	2.72	0.00	0
REGION 2	34	57	23	8.33	1.92	6.0
REGION 3	44	44	0	9.64	0.00	0
REGION 4	43	56	13	6.87	0.89	2.8
REGION 5	5	22	17	4.29	0.73	2.3
				31.85		11.1
DRUG CHAINS						
REGION 1	39	44	5	2.66	0.13	1.6
REGION 2	24	45	21	2.26	0.47	5.9
REGION 3	29	47	18	0.90	0.16	2.0
REGION 4	33	62	29	1.45	0.42	5.2
REGION 5	2	26	24	0.81	0.19	2.4
				8.08		17.1
DRUG INDEPENDENTS						
REGION 1	8	28	20	0.75	0.15	7.0
REGION 2	9	10	1	0.24	0.00	.1
REGION 3	31	31	0	0.07	0.00	0
REGION 4	28	42	14	0.85	0.12	5.6
REGION 5	0	11	11	0.22	0.02	1.1
				2.13		13.8
CHAIN SUPERMARKETS						
REGION 1	18	27	9	3.23	0.29	1.3
REGION 2	19	42	23	5.54	1.27	5.8
REGION 3	46	60	14	4.55	0.64	2.9
REGION 4	37	53	16	4.14	0.66	3.0
REGION 5	4	42	38	4.32	1.64	7.5
				21.78		20.5
IND. SUPERMARKETS						
REGION 1	21	43	22	1.62	0.36	3.2
REGION 2	63	69	6	1.22	0.07	.7
REGION 3	80	80	0	2.73	0.00	0
REGION 4	64	79	15	3.63	0.54	4.9
REGION 5	16	65	49	1.84	0.90	8.2
				11.04		17.0
GROCERY						
REGION 1	15	26	11	4.18	0.46	3.0
REGION 2	32	45	13	2.15	0.28	1.8
REGION 3	59	59	0	2.69	0.00	0
REGION 4	31	43	12	4.12	0.49	3.2
REGION 5	3	29	26	2.19	0.57	3.7
				15.33	15.67	11.7

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